



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

June 2, 2006

CERTIFIED RETURN RECEIPT
7004 2510 0004 1824 3724

Bryce Haas
245 East Sunset Drive
Gunnison, Utah 84634

Subject: Cancellation of Financial Guarantee, Far West Bank Letter of Credit, Bryce Haas, B & C Limestone Quarry, M/039/013, Sanpete County, Utah

Dear Mr. Haas:

Please review the enclosed Far West Bank notification indicating the Letter of Credit in the amount of \$36,000 will not be renewed. According to the terms of the Letter of Credit, the bank may elect not to renew as long as a ninety (90) day notice is given to the Division. These terms have been met, therefore, effective August 30, 2006, the Letter of Credit will be cancelled. Paragraph 2 of the Reclamation Contract, states the Operator shall provide a replacement surety within sixty (60) days following the Division's receipt of the cancellation notice.

You are hereby advised that the Division must receive a replacement form of surety within 60 days or prior to July 30, 2006 or the Division will be forced to do any/some of the following:

- **Carry out the terms of the letter of credit**
- **Submit a request to the Board of Oil, Gas and Mining to withdraw the permit**
- **Order the cessation of mining operations**
- **Order immediate reclamation of all lands affected**

Further to this financial guarantee replacement request, the Division is requiring a meeting to be held at this office. This meeting will provide you an opportunity to discuss your operational plans, how best to implement the steps for final large mine permit approval, and provide you with specifics regarding the potential revisions/updates associated with the Notice of Intention and Reclamation Contract. Please contact us to make arrangements for this meeting. **It must be arranged during the week of June 19, 2006.**

Page 2
Bryce Haas
M/039/013
June 2, 2006

Contact any of us listed in this letter **immediately**. I can be reached at (801) 538-5258, Surety Coordinator, Beth Ericksen (801) 538-5318 or Reclamation Specialist, Lynn Kunzler (801) 538-5310. Thank you in advance for your prompt attention to this important permitting requirement.

Sincerely,

A handwritten signature in black ink that reads "Susan M. White". The signature is written in a cursive style with a long, sweeping underline.

Susan M. White
Mine Program Coordinator
Minerals Regulatory Program

SMW:BE:be

Enc: Far West Bank Letter of Credit cancellation letter
cc: Beth Ericksen, DOGM
Lynn Kunzler, DOGM

P:\GROUPS\MINERALS\WP\M039-Sanpete\m0390013-BandCLimestone\final\bond-cancel-ltrB&HStone.doc



cc: Susan
Lynn

May 18, 2006

Utah Division Of Oil, Gas And Mining
Attn: Beth Erickson
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Re: Bryce Haas, B & H Stone Supply; Letter Of Credit
Expiration: August 30, 2006

Dear Ms. Erickson:

This letter constitutes notice that Far West Bank elects not to renew the above-mentioned Letter Of Credit and requests a formal release of liability upon expiration. I have enclosed copies of a recent response to an inquiry from your offices and our Letter Of Credit.

Please return the original Letter Of Credit and related release documents to our offices. Contact me with any questions or concerns you may have.

We do appreciate your assistance, thank you.

Respectfully,

Brad Wilson
Far West Bank
Commercial Lending
201 E Center St
Provo, Utah 84606

Office: 801-342-6027
Fax: 801-377-3351
bradw@farwestbank.com

RECEIVED

MAY 30 2006

DIV. OF OIL, GAS & MINING

201 East Center, Provo, Utah 84606
(801) 342-6040 FAX (801) 377-3351